

FINANCES AND TAXATION.
Speech of Hon. John Sherman, at Canton,
Aug. 20th.

The following able and instructive exposition of national finances and taxes, was delivered by Senator Sherman in his speech at

FINANCIAL QUESTIONS.

There are some questions not especially involved in the cases, but which are very important. I can only allude to some of them very briefly, and chiefly in reply to what Judge Ranney said to you the other day. They are financial questions growing out of the cases, and I will observe that these doctors do not agree at all. Judge Thurman, Judge Ranney and Mr. Vallandigham, and no doubt many others talk about debt, and say that the Government is in debt, and that the Democrats party have not, and dare not, take definite positions in any of them. Until the last "nigger" is exhausted they will not meet fairly these great questions. They will not go so far as to increase of paper money; while Thurman wants to pay off our greenbacks, or merge them, as he calls them, and Vallandigham

The question with you will be whether the Union party, which is entitled to the credit of the wonderful success of our financial measures, can best solve all new problems as they rise, or whether the public credit would be better placed in the hands of the Union party during the war, did all they could to destroy our credit. Let us look at some of these matters. They talk of our large public debt. Very well, our debt is large, but what caused it? A Democrat rebellion. We had to raise money to suppress it. We had to raise money to pay our national debt, our State debts, our taxation, or, on the other hand, the overthrow of the National Government. The Union party preferred war, debt and taxes to disunion. Did the Union party unnecessarily increase the debt, impair the credit, or ruin the financial situation of the country?

measures were as successful as our military measures, while all the efforts of the Democratic party impaired our credit, made it difficult to negotiate loans, prolonged the war and increased the debt. And now we are told that the Democrats will try to increase the debt! We have the fact before us that the Union party has not only prevented an increase of the debt, but its reduction has been steady and rapid. On the 31st day of August, 1863 it was \$4,757,893,950; the first day of September, 1863, it was \$2,551,131, or a reduction of \$2,056,762,819. On the 1st day of August, 1867, it was \$2,511,306,436, or a total reduction of \$246,497,254 in less than two years. And during those two years we paid off besides an enormous amount of interest the principal of the bonds of the preceding Democratic party, now

power, we does not know that the debt would be largely increased. The only Democrats, Kentucky, Maryland and Delaware, are now demanding indemnity as pay for their soldiers' services, and are threatening to sue for their pay. All over the South they are pressing claims for injuries during the war. A Democratic Congress would grant them all. Nearly every Democrat Senator and member has committed himself to principles which will require the payment of one hundred to one thousand million of dollars. For this reason they exaggerate the amount of the public debt. Let us see what it is. It is added, and we know to a dollar the amount of it. I read from the last official statement of the Secretary of the Treasury, August 1, 1894, \$1,200,000,000.

\$14,306,484, but of this \$397,719,583 is greenbacks and fractional currency not paying interest, leaving the interest-bearing debt \$2,114,000,000. Now, if I had my way this debt will not be increased one dollar, but it will be whatever, but will surely be gradually be paid off.

It is said that this debt is not subject to taxation and that this discrimination is unjust to other taxpayers. Now, this debt as proposed or income held by our citizens is subject to taxes by the United States. Congress cannot impose taxes on it. Increased on other property, income. These bonds are on other property income-tax, but it is not subject to State tax. This is true, but whose fault is it? Is the Union party make this exemption? Not at all. It was made by the Constitution.

the United States, and it suits their purpose, perhaps such profound deference. The Supreme Court of the United States, as early as 1857 decided that bonds of the United States are not subject to or under State authority. This decision has been followed by every Judge that has sat on the Supreme bench from 1819 to this time has had this question before him, and each one concurs in the same opinion. The principle is obvious, that the power of Congress to borrow money is paramount to the power of the State to tax without destroying it. To allow a State to tax national loans may enable a State to prevent the nation from borrowing money. Now, these decisions are well known to so good lawyers as Thurman and Kansas.

but in the Union party for exempting bonds, while all United States bonds had been exempt from local taxation since the formation of the Government. By the Constitution itself, and this has been acquiesced in by every administration, including the democrats, the Government was authorized to exempt bonds from taxation during the war. I made no reference to this constitutional exemption, but in subsequent days, after a recent decision by Judge Taney, in December, 1862, that United States bonds should not be taxed, we inserted in the paper one of our articles in which we stated that United States bonds were not taxable by or under State authority. This did not change the law, but simply declared it. In view of the very question, and of the certainty that the war was over or restored to its previous condition, we were not prepared to

...bonds, we always keep in view in issuing them the principles of "redeemability" and "liquidity" which are the basis of the pleasure of the United States, on the one hand, and of the confidence of the world, on the other. This was a fixed policy of your Government. This is the reason of the five-percent and the six-percent bonds. These bonds may pay off any portion of our debt within a short time, either by the sale of the bonds, or by the redemption or by borrowing money on more favorable terms. Nothing now stands in the way of the Treasury notes known as the "thirties," which will mature in thirty years, and which will be sold at a discount. It will be accomplished the whole part of the debt, and will be the most favorable shape, and will be the most profitable from time to time be funded at a lower rate of interest, and so as to adjust on conditions proper and right, both to tax payers and to the holders of the bonds. The question of proper credits, the question of the interest on the bonds, and the question of the

prospectively to State taxation, and the proceeds pay off our outstanding bonds as they accrue; or we may, and which I think is far better, retire our present bonds at a lower rate of interest, and in the hands of a national bank for Government securities. But, either of these arrangements must be upon the basis of the strictest observance of the faith. National credit is our only reliance. Time of war and peril. Debts can be forced to maturity by a State or a nation, but not upon honor and faith. We are forced to tarnish these. All that may be consistently with these to lighten our burdens will be done by the Union party, the talk about whipsnappers of Copperheads is a mere humbug.

Now, there is a good deal said about the National Banking System. As the creation of Congress, the right to change it is expressly reserved. It is not to issue paper money only, but the consent of Congress is required whenever the public mind will be promoted by it. Let us see how this system stands. The only private National Banks have from the United States is the right to issue guaranteed by the United States. They are not to be issued States, but they are to be issued States, with the consent of the Treasury. The United States Government bonds, which are in amount, by ten per cent, are circulate, thus furnishing a market for bonds. This must promptly redeem

of the country's currency, which was a veritable currency. They must be paid in lawful money or greenbacks at twenty-five per cent. of their face value. The circulation, but of their deposits, they pay heavy taxes. The National Bank of the United States, for example, has \$263,998,496 in circulation, 75 per cent. on their circulation. They are entirely upon national securities, and are therefore, the safest. All their interests are interlaced with the credit and interest of the National Government. They should keep the place of the State Bank, which was utterly destructive to the bank credit during the war, which formed currency without a security, and which

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million and reproach of our system. It is a colossal drain of our resources, and a colossal drain of dollars. These taxes on imports, incomes, whiskey, and tobacco, in my judgment, are the greatest drain on the interest on our debt and meet our necessary expenditures. We may, therefore, from time to time throw out a few bones to the public, but we cannot meet our national credit. I agree with Judge Ramsey that greater economy and care in the management of public expenditures is the spirit of the age tends to extravagance in public and private life—great wants—vast improvements in the machinery of the Government, all orders of business and industry are the department of the day. I believe the United States Government is not to be confined the operations of the Government to the protection of the life, property and rights of the people, but to realize the ideal of the performance of its national obligations. But how can this be accomplished? It is by the economy in the management of the public office? Not at all. I notice that almost every scheme for new drafts on the public treasury are supported by the cry of economy. I say to you, "The way to secure economy is by care in selecting members of Congress. This is a personal and not a political question. It is a question of the character of the highest attribute, in my judgment, for a representative of the people, will be his care in the selection of his associates. I believe, from indications already shown, that the next Congress, composed almost of Representatives who have been in the strict economy in public expenditures, will save and prudent care of your financial interests."

THE REASON WHY

The New York Sun explains the extraordinary success of Mr. Johnson on the ground that he courts impeachment.

But what could induce the President to court impeachment? The answer is simple. He knows better than Andrew Johnson, however profitable such a road might be, that the President of the United States is not to be impeached, and it is not strange that he should still have faith in his policy.

Mr. Johnson has been called a martyr, and has occupied as he often says, every office from Village Alderman to President, by the aid of the people, and not by the choice of the people. He cannot say his countrymen gave him the highest position, and he cannot say that he has not and therefore he is ambitious for re-election. Unfortunately for his aspirations, the people have elected him in the shadow of a chance for his election. The Northern States are a unit in opposition to him, and he has no support in the powerless minority, even if they were allowed to vote. In order to attain his object, he must create reaction against the Radical party, and he has done this by attacking and lending to his own popularity. He has done this by attacking the friends of the war, and he has caused him to be persecuted as almost martyred by the people of the South. He has done this by attacking the party to whom he is indebted for his nomination for Vice President.

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General News Items.

The ram Stonewall has finally sailed for Japan.

The yellow fever is on the increase in New Orleans. Seven-eighths of the deaths have been among the foreigners or unacclimated persons.

Six months ago a Boston house was sent on cargo of five hundred horse skirts to Japan as a venture. The Japs put a cover on it and use them for umbrellas.

Maryland rebels have driven from her property a Union woman, who had opened on her farm a home for disabled white soldiers.

A detail of officers to compose a general court martial for the trial of General Custer has been made. The charge against General Custer is leaving his post without mission.

The Summit tunnel through the Rocky Mountains—1,658 feet—through solid granite—has been finished from both ends, and the track of the Pacific railroad is now being laid on the eastern slope of the mountain.

Literary.

Mr. Stowe has already sent to the publishers instalments of her new work, which is to be a sort of chronicle of old time life in the West, and is to be written with the accuracy of a novel.

Some of the characters are said to be as graphically depicted as those in the "Tobacco Shop."

Bayard Taylor is visiting his friends in Germany this summer, but spends some time in his literary work. He is translating Goethe's "Faust," and the scenes of the drama and drawing inspiration from the land and the owner's own country.

He is also engaged on a series of papers, which will be published in the "Atlantic" shortly, and which will appear in the *Atlantic* shortly.

Emerson, whose recent volume of "May Day and Other Pieces," has not been read but rather increasing his popularity, is at present in the city, and will be read in Boston for some of the lectures. It will be mainly those which he read in a lecture year, and will be repeated in the evening course by request.
